

Article - Real Property

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§10–506.

(a) (1) A custom home builder must include in each custom home contract a disclosure concerning the buyer’s risk under mechanics’ lien laws.

(2) The disclosure concerning the buyer’s risk under mechanics’ lien laws under paragraph (3) of this subsection shall:

(i) Be on a separate page of the custom home contract; and

(ii) Be separately signed by the buyer.

(3) The disclosure required under paragraph (1) of this subsection shall state:

“BUYER’S RISK UNDER MECHANICS’ LIEN LAWS

Unless your builder pays each subcontractor, materialman, or supplier, the subcontractor, materialman, or supplier may become entitled to place a lien against your property in order to ensure payment to the subcontractor, materialman, or supplier for services rendered or goods delivered on or to your home. This could mean that your home could be sold to satisfy the lien. Your builder is required by law to give you periodic reports that list the subcontractors, suppliers, and materialmen who have provided more than \$500 of goods or services to your custom home, and indicate whether they have been paid. If at any time you have any questions or concerns about whether a subcontractor has been properly paid you should discuss them with your builder, your subcontractor, and your financing institution.”

(b) (1) A custom home builder shall include in each custom home contract a certification by the builder.

(2) The certification by the builder under paragraph (3) of this subsection shall be:

(i) On a separate page of the custom home contract; and

(ii) Separately signed by the buyer.

(3) Except as provided under paragraph (4) of this subsection, the certification required under paragraph (1) of this subsection shall state:

“CERTIFICATION BY BUILDER

I (name of builder) hereby certify that to the best of my knowledge, both I and any business entity in which I had an ownership interest in excess of 51 percent have not:

(1) Within the past 3 years been adjudged by a court of competent jurisdiction in Maryland to have failed to comply with any provision of the Custom Home Protection Act or the Consumer Protection Act as it applies to the construction of new homes; or

(2) Been adjudged liable for a final judgment in connection with a custom home contract, which judgment currently remains unsatisfied.”

(4) If a custom home builder is unable to execute the certification under paragraph (3) of this subsection truthfully, then another certification shall be substituted, which shall state:

“CERTIFICATION BY BUILDER

I (name of builder) hereby certify that, to the best of my knowledge, the information provided below includes all instances in which I or any business entity in which I had an ownership interest in excess of 51 percent have:

(1) Within the past 3 years been adjudged by a court of competent jurisdiction in Maryland to have failed to comply with any provision of the Custom Home Protection Act or the Consumer Protection Act as it applies to the construction of a new home; and

(2) Been adjudged liable for a currently unsatisfied final judgment in connection with a custom home contract.

Adverse adjudication(s):

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Unsatisfied judgment(s):

().”

(c) (1) A custom home builder shall include in each custom home contract an escrow account requirement notice under paragraph (3) of this subsection.

(2) The escrow account requirement notice under paragraph (3) of this subsection shall:

- (i) Be on a separate page of the custom home contract; and
- (ii) Be separately signed by the buyer.

(3) The escrow account requirement notice required under paragraph (1) of this subsection shall state:

“ESCROW ACCOUNT REQUIREMENT

Unless your contract is financed by a mortgage issued by a federally chartered financial institution or a financial institution supervised under the Financial Institutions Article of the Annotated Code of Maryland, or unless all deposits, escrow money, binder money, or any other money paid in advance, or is paid to the licensed real estate broker, to be held in the escrow account of the broker, Maryland law requires that all consideration exceeding 5 percent of the total contract price which is paid by a buyer to a custom home builder in advance of the completion of the custom home shall be deposited in an escrow account and paid out of that account only for certain purposes specified by law. To ensure this, the law requires that your builder may only accept such payment in the name of the escrow account. Thus, you should make out your check to “(name of builder), escrow account”. Records of payments out of this account must be carefully maintained by your builder, and the builder must permit you reasonable access to escrow account records. Your builder, however, may choose to establish a separate escrow account for your project which will require your signature for any withdrawals.”

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